

COCONINO COUNTY PURCHASING POLICY

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Foreword from the Chairman of the Coconino County Board of Supervisors:

The following Purchasing policy has been developed to ensure proper accountability of the public funds entrusted to Coconino County and to maintain those controls necessary for the County to efficiently operate. The uniform Purchasing Policy ensures adequate control over budgets and expenditures, and adherence to legal and ethical procurement procedures. Centralized review and processing of purchases, using standardized guidelines is an essential component of the County's overall financial management system.

Compliance with these policies and guidelines is obligatory. In many instances they are simply restatements of Arizona Revised Statutes or required by the Uniform Accounting Manual for Arizona Counties, and they have been reviewed and adopted by the County Board of Supervisors. Abuse or non-compliance with the policies and guidelines could result in disciplinary action or personal financial liability. It is of the utmost importance that all employees affected understand these policies and guidelines. It is the responsibility of each department head to ensure that all employees in their department adhere to these policies and guidelines.

Matthew G. Ryan

Chairman of the Coconino County Board of Supervisors

COCONINO COUNTY PURCHASING POLICY

SECTION ONE:

INTRODUCTION

1.1 PURPOSE

The purpose of this manual is to establish the purchasing policies for Coconino County and to inform County staff and the public of these policies. The policies presented in this manual have been reviewed and approved by the Board, and should be used to determine the appropriate policies to be followed for a particular procurement. In cases where this policy does not address a particular situation, the Arizona State Procurement Code found in Title 41 of the Arizona Revised Statutes will be followed.

1.2 Authority

In accordance with ARS 11-201, the Board of Supervisors is the only entity that has authority to incur financial, legal and other obligations on behalf of the County, its agencies and elected officials. Although some county officials may have express or implied authority to enter into contracts, all of their expenditures are subject to budgetary approval by the Board of Supervisors. To ensure fiscal control, the Board of Supervisors must approve all contracts or specifically authorize a designated elected or appointed official to enter into contracts. The Board has delegated this authority as follows:

1. The Finance Director may approve purchases and contracts for amounts less than \$10,000.
2. The Purchasing Manager may approve purchases and contracts of less than \$3,000.
3. Department Heads may approve purchases and contracts of less than \$1,000.

4. The Finance Director may approve emergency or field expediency purchases to personnel in other County Departments, as specified in section 10, provided such delegation is limited, specific, and subject to immediate revocation.
5. The Finance Director has the authority for issuing invitations for formal bids and Requests for Proposals.
6. The Finance Director shall coordinate and manage the disposal of the county's surplus and obsolete materials and equipment.
7. The Finance Director will develop the specific procedures necessary for the purchasing process.
8. All contracts shall be reviewed by the County Attorney's Office.
9. Neither elected nor appointed Department Directors may exceed the limits of this Purchasing Policy unless the Board of Supervisors or the Arizona Revised Statutes delegate specific authority.
10. The County Manager must approve all purchases of goods and services between \$10,000 and \$30,000. The Board of Supervisors must approve all purchases of goods and services for \$30,000 and above. These procurements must be put on the Board's agenda and be routed through the Budget, Purchasing, Risk Management and County Attorney Departments.

1.3 Formal Bid and Quote Levels

A. Acquisition of Goods, Materials & Non-professional Services.

The amount of cost analysis and procedural formality required varies with the specifics of each transaction. The chart below identifies the type of comparative pricing information required for different cost levels, as well as the method to be used.

Departments must receive three written price quotes from vendors in response to a complete set of written specifications or scope of work for acquisitions from \$3000.01 to \$30,000. The County Department must have a set of written specifications or scope of work, list of vendors contacted and all written responses or non-responses from vendors on file at the department. For any procurement between \$10,000 and \$30,000 a copy of the written specification or scope of work and all written responses must be retained by the using department.

(1) Requires requisitions & price quotes

| | |
|------------------------|-----------------------------|
| \$1,000.01 to \$3,000 | Three Verbal Price Quotes. |
| | |
| \$3,000.01 to \$30,000 | Three Written Price Quotes. |
| | |
| Above \$30,000 | Sealed Competitive Bids. |

(2) Exempt from requisition submission - see page 9.

B. Acquisition of Architectural and Engineering Services

The employment of an architect, landscape architect, assayer, geologist or land surveyor on projects less than \$250,000 or engineering projects less than \$500,000 may be selected by direct selection, public competition or a Qualifications Based System (QBS).

For projects exceeding \$250,000 for architects, landscape architects, assayers, geologists and land surveyors and engineering projects exceeding \$500,000 the QBS process must be used.

These processes and definitions are discussed in Section 6.3

C. Acquisition of Legal Services

| | |
|------------|-----------------------------------|
| \$1,000.01 | Select from qualified vendor list |
|------------|-----------------------------------|

All elected and appointed department heads and Taxing Districts must have approval from the County Manager, County Attorney's Office and the Board of Supervisors in order to obtain legal services outside the County Attorney's Office, even if the services are on a pro-bono basis.

The Superior Courts, County Attorney, Public Defender's Office and Legal Defender's Office may, in accordance with the County purchasing policy, acquire legal services in the discharge of their regular duties as required by statute. All legal services required by the Superior Courts, County Attorney, Public Defender's Office and Legal Defender's offices outside the regular course of business require approval of the County Manager, County Attorney's Office and Board of Supervisors.

D. Acquisition of other Professional Services.

| | |
|-----------------------|--------------------------|
| \$1,000.01 to \$3,000 | Three Verbal Proposals. |
| | |
| 3,000.01 to \$30,000 | Three Written Proposals. |
| | |
| Above \$30,000 | Formal RFP process. |

E. Acquisition of Construction Contracts

Construction contracts will be awarded through a solicitation of bids in accordance with Title 34 of The Arizona Revised Statutes.

1.4 Records Retention

All procurement records shall be retained and disposed of by the County in accordance with record's retention guidelines and schedules issued by the State of Arizona Department of Library, Archives and Public Records. If a contract is funded in whole or in part by assistance from a federal agency, then the record's retention requirements of that granting agency shall be followed. Defacing or changing records is expressly prohibited and will result in disciplinary action. Records or documents are not to be removed from their normal location in the Purchasing Office without approval of the Finance Director.

All determinations and other written records pertaining to a solicitation, award or performance of a contract shall be maintained by the County in a bid file by originating departments and the purchasing office.

1.5 Salesmen Calling on Users

All new contacts between suppliers and user departments should be coordinated through the Purchasing Office. This action is to protect the interests of the supplier and the County by ensuring that ethical standards are observed, as well as to prevent the possibility of an unauthorized order from occurring. Any person who places an unauthorized order on behalf of the County runs the

risk of being held personally liable for the cost of the purchase.

1.6 Conflict of Interest

State Statute, defines conflict of interest, in part, as follows:

ARS 38-503 Conflict of Interest; exemption; school board member. Any public officer or employee of a public agency who has, or whose relative has, a substantial interest in any contract, sale, purchase or service to such public agency shall make known that interest in the official records of such public agency and shall refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale or purchase.

The mere employment of an individual simultaneously by the County and an outside company that has a direct or indirect business relationship with the County, in itself, establishes no conflict of interest. A conflict of interest would arise if actions by the County employee conferred a direct or indirect pecuniary or proprietary benefit on the County employee or a relative by virtue of that person's connection with the outside business. The law provides that when the potential for a conflict of interest arises, the County employee must make his interest (or that of a relative) known and refrain from taking any action or otherwise participating in any way in the matter.

When a potential for conflict of interest arises, the County employee must provide written notification to the County Clerk of the Board, identifying what relationship exists that could be classified as a potential conflict.

Should a question arise pertaining to any potential conflict of interest in a purchasing situation, consult with the Finance Director or the County Attorney's office for advice.

1.7 Confidential Information

Procurement information shall be a public record to the extent provided in ARS 39-121 and shall be available to the public as provided in the statute.

Claims of confidentiality may be honored in limited circumstances to the extent allowed under the law as an exception to the public records requirements. Confidential information shall be designated as follows:

A. If a person believes that a bid, proposal, offer, specification, or protest contains information that should be withheld, a statement advising the Purchasing Manager of this fact shall accompany the submission and the information shall be so identified wherever it appears.

B. The information identified by the person as confidential shall not be disclosed if the Purchasing Manager makes a determination that disclosure should not be made. The County Attorney's Office may be asked to assist in these determinations.

C. Claims of confidentiality will be considered on a case-by-case basis.

1.8 Severability

The provisions of this policy are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, or division, or the invalidity of the application thereof to any person or circumstances shall not affect the validity of the remainder of this policy, or the validity of its application to other persons or circumstances.

SECTION TWO:

REQUISITIONS

2.1 Purpose

The purpose of issuing requisitions is to provide a method for County departments to obtain necessary equipment, materials, supplies and services, and for the rental and leasing of equipment, when the anticipated cost is above \$1,000. This process is also necessary to insure that budgeted funds are available prior to committing County funds. **Requisitions must be entered into the financial management system prior to making purchases, except in emergency situations.**

The two most important functions of a requisition is to convey to the vendor and the Purchasing Office exactly what the user requirements are and to check the availability of budgeted funds. Users should make certain the product or service description is clear, concise and contains sufficient information for the buyer to make the proper purchase. Requisitions that are properly created by the user department increase the efficiency of the procurement process and reduce the time needed to process the requisition.

Purchases that are exempt from requisition submission are:

- a. Salaries and related costs; FICA, Federal and State withholding tax
- b. Visiting judges, and County court reporters
- c. Jury and witness fees (does not include expert witness)
- d. Travel
- e. Utilities: telephone, gas, electric, water, etc.
- f. Uniform allowances for Sheriff's deputies
- g. Medical costs for indigents
- h. Intergovernmental service department charges; photocopier, mechanical
- i. Expenditures from Petty Cash
- j. Purchases of \$1,000 or less
- k. Emergency purchases of low-cost items. These may, in certain circumstances be purchased directly by user departments and paid as short claims, if prior approval from the Purchasing Office has been obtained.
- l. Insurance settlements.
- m. Revenue refunds.
- n. Others, as approved by the Board of Supervisors.
- o. Postage

SECTION THREE:

PURCHASE ORDERS

3.1 Purpose

The purpose of a purchase order is to serve as a contract between the County and a supplier for the procurement of equipment, supplies, services, materials, land, buildings, and the lease/purchase or rental of equipment.

3.2 General Information

Except in emergencies, the Purchasing Office will only issue a purchase order after receipt of an approved purchase requisition from a user department.

If a purchase order is not filled within 90 days of issuance without notification from the supplier, or if prior arrangements for specified delivery time have been made, that purchase order may be canceled. The Purchasing Office will discuss this with the user department prior to canceling an order.

3.3 Blanket Purchase Orders

Blanket Purchase Orders differ from standard orders because budgeted funds are not encumbered. Blanket purchase orders may be used for purchases that require multiple payments and/or deliveries for undetermined amounts such as copier maintenance or when more than one department is sharing the costs of the goods or services.

Only the Purchasing Office may initiate blanket purchase orders. Blanket purchase orders will be requested by the user department, in writing, stating the period covered and a "not to exceed amount" to be purchased during the period. With the exception of copier maintenance agreements, the time period covered should be limited to up to three months.

The use of blanket purchase orders must be very limited, or control over expenditures and economy in purchasing will decrease.

SECTION FOUR:

GENERAL PROVISIONS

4.1 Developing Suppliers

The overriding principle which guides the Purchasing Office in searching for new suppliers and in dealing with current suppliers is to bring about the best competition practical. While it is impractical to secure bids or quotes from every qualified supplier, it is necessary that competition be as representative and as broad as circumstances permit. To assure this competition, every effort is made to solicit bids from manufacturers as well as distributors or dealers.

4.2 Bidders List

The Purchasing Office keeps current lists of suppliers who are interested in selling goods to the County. Suppliers are put on the bidder's list when they so request, by completing a bidders list application. The vendor will remain on one or more commodity lists until either they have failed to bid on a particular commodity for a reasonable period of time, or are determined by the Finance Director to be no longer responsive and responsible. It is the express responsibility of the vendor to ensure that they are registered to receive invitations of bids and to notify the County of any address or other relevant change to their application.

4.3 Value Analysis

The Purchasing Office shall conduct an ongoing program of value analysis, deciding the propriety of each contemplated purchase based on whether it has value to the County at the price for which it is being sold. The value analysis program includes evaluation of the effectiveness of systems, products, specifications, standards, practices, and procedures, to determine their ability to satisfy the required function at the lowest total cost to the County. In determining the total cost of ownership, it may be necessary to consider elements other than the initial purchase price, such as the item's performance, reliability, quality, and maintainability.

4.4 Taxes

Coconino County is responsible for the payment of all applicable sales and use taxes as may be required by the State

of Arizona or its political subdivisions, or municipalities, in accordance with State tax laws, or local tax laws.

Coconino County is exempt from the payment of Federal Excise taxes.

4.5 Requirements Planning for User Departments

When unusual requests for goods and services are anticipated, a requesting department should notify Purchasing as soon as possible in order to provide sufficient lead time for the procurement of the goods or services.

Acquiring goods and services is a many-faceted process that requires interaction and cooperation among all persons involved. Proper planning for future requirements and communication of these needs to the Purchasing Office will result in materials and services being available when needed by a using department.

The importance of proper planning by the user cannot be over-emphasized. Through effective planning, the user can (1) avoid lost staff-hours caused by material stock-outs and/or shortage; (2) reduce the number of "rush" purchases necessary to avoid stock-outs; (3) increase the overall efficiency of the County through reduced procurement costs; (4) avoid increased acquisition costs often occurring in "rush" purchase situations; (5) identify goods which can be standardized throughout the departments; (6) reduce the cost of goods or services through the continuous evaluation and modification of specifications, to identify and delete items which add cost, but not necessarily value, to the product.

4.6 Capital Outlay Buying

Capital Outlay Buying is defined as machinery, equipment, and vehicles with a usual life exceeding one year, costing \$5,000 or more. Also included are land, building and improvements other than buildings costing \$5,000 or more.

Generally, capital outlay purchases must be proposed and approved as part of the annual budget process. However, occasionally it is necessary to make non-budgeted capital outlay purchases when unusual circumstances exist.

Non-budgeted capital outlay purchase requisitions are subject to Planning and Budget Director and County Manager review and approval to determine the availability of funds. The Planning and Budget Director may review any capital outlay purchases.

If the Budget director determines that funds are available, the request will be forwarded to the Purchasing Office.

The Purchasing Office must receive the approved requisition and specifications, (when required) at least 6 weeks prior to expected delivery date. Each department is responsible for the timely submission of requisitions and specifications for its capital outlay equipment.

Approved items costing less than \$30,000 will be purchased as soon as possible after receipt of approved requests.

Capital items over \$30,000 will be purchased through the competitive bid process, per ARS 11-254.01 (as amended 5-8-87).

4.7 Purchasing with Grant Funds

If a department uses grant funding for purchases and the specific funding agencies policies and guidelines are not covered by the County's Purchasing Policy, compliance with those policies and guidelines is obligatory. Any additional policies or procedures required by outside funding sources should be followed when they apply to a particular procurement.

It is the responsibility of each department head to develop departmental policies and guidelines to ensure that all employees adhere to the County's purchasing policies and procedures **and** any additional purchasing policies and procedures required by their other funding sources.

SECTION FIVE

Competitive Sealed Bids

5.1 Purchases of Over \$30,000

Authority

In accordance with the authority delegated by the Board of Supervisors, the Finance Director is responsible for preparation of requests for bids, opening of bids, and recommendations regarding awards in connection with the purchase of supplies, materials and nonprofessional contractual services with an estimated total cost in excess of **\$30,000**. Coconino County follows ARS 11-254.01 as its authority for public bidding procedures. As of this writing, ARS 11-254.01 states:

"11-254.01. County purchasing procedures; purchases to be based on competitive bids; content and issuance of invitations and specifications; basis of awards and rejection of bids; professional services; buildings.

A. All purchases of supplies, materials, equipment and contractual services, except professional services which are procured through the formal RFP process described in Section Seven, made by the County having an estimated cost in excess of ten thousand dollars per transaction shall be based on sealed, competitive bids. The County Purchasing Agent shall give notice of awards, upon Board of Supervisors' approval.

The invitation for bids and specifications must be issued in sufficient time before the purchase is made and in sufficient detail to permit free competition. Notice of the invitation for bids shall be published in a newspaper in accordance with the provisions of Title 39, Chapter 2 unless the Board of Supervisors, by at least two-thirds vote of its membership, determines that an emergency exists requiring immediate action to protect the public health or safety. Copies of the invitation and specifications shall be supplied to, and bids shall be solicited from qualified sources consistent with the item to be purchased as determined by the county purchasing agent, including all qualified suppliers who, before the issuance of the invitation notify the purchasing department in writing that they desire to bid on materials, supplies, equipment or contractual services.

B. Bids shall be publicly opened at the time and place stated in the invitation. On Board approval, the county purchasing agent shall make awards with reasonable promptness by giving written notice to the responsible bidder whose bid is responsive, i.e., conforms to the invitation, and whose bid is the most advantageous to the county concerning price, conformity to the specifications and other factors. The Board may reject all bids if rejection is in the public interest.

5.2 Purchases That Must Be Bid Publicly

All supplies, materials, equipment and contractual services with an estimated total cost in excess of \$30,000. Emergency and sole source procurements in excess of \$30,000 are explained in sections nine and ten respectively.

5.3 Printing

Pursuant to ARS 11-255, all advertising, publications, printing must be publicly bid on an annual basis. All departments are required to use the vendor who is awarded this bid for all of the items listed on the contract.

5.4 Construction Contracts

In accordance with Title 34 of the Arizona Revised Statutes, bids will be solicited for the construction of public buildings and improvements.

5.5 Bid Specifications

The first task which must be completed when a user department wishes to purchase an item with a total cost in excess of \$30,000 is the preparation of a bid specification. The specification may be written by the Purchasing Manager with input from the Department. If the item or service required is of a specialized nature, the specification may be written by the department and sent to the Purchasing Office for editing. Every effort should be made to ensure that the specification provides potential suppliers with a description which is complete and accurate without being overly restrictive.

Completed bid specification packets including purchase description, delivery and/or performance schedule, and evaluation criteria are available from the Purchasing Department which can be reached at (928)779-6712 or by visiting the Coconino County website at <http://co.coconino.az.us/purchasing/index/cfm>.

5.6 Call for Bids

After the bid specification is prepared, the Purchasing Manager issues a Call for Bids for the desired item, using the Serial Bid number. Pursuant to ARS 11-254.01, notice of the bid must be published in the newspaper for four (4) consecutive days, and copies of the notice sent to all those who are registered

as potential suppliers for the item. Current providers of service contracts will automatically receive a notice of call for bids regardless of whether they are registered on the bidder's list. The Notice will indicate the address to which to return the bids, the time deadline for bid submittal, and the place of the bid opening.

5.7 Pre-Bid Conference

A pre-bid conference and/or walk-through site inspection may be conducted to provide a complete explanation and clarification of all bid specifications to the suppliers. The notice for a pre-bid conference will be stated in the Call for Bid documents.

5.8 Bid Opening

The Finance Director or their designated representative will hold the opening of bids, at the time and location stated in the Call for Bids. A reasonable period of time for the preparation of bids shall be allotted between the issuing of the Call for Bids and the scheduled date of opening. Bids are secured in a locked vault located in the Clerk of the Board of Supervisors Office until opening. Bid envelopes will be opened and bids read aloud at the public bid opening. A representative of the Clerk of the Board's Office will be present at all bid openings, and will initial each bid. Faxed bids will not be accepted.

All information submitted, excepting proprietary information, will be made available for public inspection following award of the contract.

5.9 Pre-Opening Modification or Withdrawal of Bids

A bidder may modify or withdraw their bid at any time before bid opening if the modification or withdrawal is received before the time and date set for bid opening at the location designated in the call for bids.

5.10 Errors/Corrections to Bids

After bid opening, corrections to bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence that a mistake of a non-judgmental character was made, the nature of the mistake, and the bid price actually intended.

After bid opening, no changes in bid prices or other provisions of bids prejudicial to the County or fair competition shall be permitted. In lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if:

1. The mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident; or

2. The bidder submits evidence that clearly and convincingly demonstrates that a mistake was made. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination made by the Purchasing Manager.

5.11 Unsigned Bids

Bids must be signed by an appropriate officer or authorized representative. However, unsigned bids will not necessarily be rejected if the omission was determined to be a clerical error. A signed document must be submitted declaring the clerical error and stating the offer is true in order for the bid to be evaluated for possible award.

5.12 Late Bids

The Call for Bids states the date, time and place assigned for the opening of bids and no bid will be accepted after the time indicated in the call. A bid will not be considered late if it can be shown that the County received the bid by the time indicated on the invitation to bids, but internally, improperly handled and/or delivered. Any late bids will not be opened, but returned to the vendor marked as late.

5.13 Addendum to Notice of Call for Bids

An addendum to an invitation for bids shall be issued if necessary to:

1. Make changes in the Notice of call for Bids.
2. Correct defects or ambiguities.
3. Furnish to other bidders, information given to one bidder, if the information will assist the other bidders in submitting bids or if the lack of information will prejudice the other bidders.
4. Correct quantities on the bidding schedule.
5. Correct, add to or clarify specifications.

Addenda shall be sent to all persons to whom the purchasing Office has sent bid packets. The addendum shall require that the bidder acknowledge receipt of the addendum. If a bidder fails to acknowledge the receipt of the addendum, the County may waive the requirement as informality, if the vendor's proposal shows that the information given in the addendum has been addressed.

5.14 Bid and Performance/Payment Bonds

Bid and Performance and Payment bonds are normally not required for supplies, materials, equipment, and professional services. However, such bonds or professional liability insurance may be required for nonprofessional service contracts at the discretion of the Finance Director, and **shall** be required for contracts for the construction of buildings and of buildings and public improvements. Bids submitted without bonding requirements will be automatically rejected. Performance and payment bonds are binding on the parties upon execution of the contract.

Performance/payment bonds must be executed by a surety company authorized to do business in the State of Arizona. In lieu of a bid bond, the bidder may submit a certified check, or cashier's check.

When a bid bond is required, the bonds of the three lowest bidders are retained in a locked vault by the Clerk of the Board until award of the bid is made by the Board of Supervisors. However, a bidder other than the three low bidders, who has deposited a bond/surety may request his bid deposit be returned prior to the award. If the bid is for a procurement for which a contract is required, the three low deposits will be retained until the contract is executed and filed in the Clerk of the Board's Office. In case a performance and payment bond is required, deposit of successful bidder will be held until the terms of the contract are completed.

5.15 Responsibility of Bidders and Offerors

A. Determination of non-responsibility.

If a bidder or offeror who otherwise would have been awarded a contract is found non-responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the Purchasing Manager. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such bidder or offeror. Factors which may be considered in determining if a

prospective contractor is responsible may include but not be limited to :

1. The proposed contractor's financial, physical, personnel or other resources, including subcontracts;
2. The proposed contractor's record of performance;
3. Whether the proposed contractor is legally qualified to contract with Coconino County;
4. Whether the proposed contractor has supplied all necessary information concerning its responsibility.

The final determination is made by the Finance Director and shall become part of the contract file and is made a public record.

The Purchasing Manager may establish specific responsibility criteria for a particular procurement. Any specific responsibility criteria shall be stated in the solicitation.

All vendors shall be required to complete a disclosure of responsibility statement and an affidavit of non-collusion when submitting bids and proposals. See appendix A and B for example.

B. Right of Non-disclosure.

The County shall not disclose information regarding responsibility furnished by a bidder or offeror pursuant to this section.

5.16 Identical Bids

In the event that two or more bidders offer identical bids, all bids may be rejected and new bids invited, unless it is deemed in the best interest of the County to award the bid to one of the tied bidders by using a coin toss, or to split the award if it is agreeable to both bidders and will not result in added cost to the County.

5.17 Rejection and Cancellation of Bids

The Board of Supervisors reserves the right to reject any and all bids if they consider it to be in the best interest of Coconino County.

Prior to opening, a solicitation may be canceled in whole or in part when it is determined, in writing, that such action is in

the County's best interest for reasons including, but not limited to:

- a. the County no longer requires the proposed procurement;
- b. the County can no longer reasonably expect to fund the procurement; or
- c. proposed amendments to the solicitation would be of such magnitude that a new solicitation is desirable.

When a solicitation is canceled prior to opening, notice of cancellation shall be sent to all businesses solicited. The notice of cancellation shall identify the solicitation, the reason for cancellation, and where appropriate, explain that an opportunity will be given to compete on any re-solicitation or any future procurement.

After opening, but prior to award, all bids or proposals may be rejected in whole or in part when it is determined in writing that such action is in the best interest of the County for reason including, but not limited to:

- a. The procurement is no longer required;
- b. Ambiguous or otherwise inadequate specifications were part of the solicitation.
- c. The solicitation did not provide for consideration of all factors of significance to the County;
- d. Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;
- e. All otherwise acceptable bids or proposals received are at clearly unreasonable prices; or
- f. There is reason to believe that the bids or proposals may not have been independently arrived at in an open competition, may have been collusive, or may have been submitted in bad faith.

A recommendation to reject any or all bids is documented by means of an explanatory letter from the Finance Director to the County Manager on a Board agenda form. The reason for cancellation or rejection shall be made part of the bid file and available for public inspection.

5.18 Bid Evaluation and Award

After the bid opening, the user department will prepare a detailed tabulation of all bids, which will then be reviewed by the Purchasing Office. In case of a difference between the unit prices and extended totals in a bid, the unit price shall prevail. In case of a difference between written words and figures in a bid, the amount stated in written words shall govern. All relevant state and local, and use taxes shall be

included in the final bid amount shown as this is the amount that will be used for purposes of bid evaluation. After reviewing the bids with the department originating the request and the bid evaluation committee (if such a committee is being used), the Department will submit a recommendation for award to the lowest responsive, responsible bidder. The recommendation must go through the Purchasing Office for review, then to the Board of Supervisors on a Board agenda form.

No criteria may be used in bid or proposal evaluation that is not set forth in the bid documents.

Upon receiving a recommendation for award (or rejection of bids), the Purchasing Office will, in writing, notify all offerors of the recommendation.

If the low bid is found to be unacceptable, justification will be submitted in writing to the Purchasing Office. The recommendation to the Board of Supervisors must contain detailed explanations as to how or why the low bid was unacceptable.

The County reserves the right to waive any minor informality in accepting and awarding of bids.

5.19 Protest of Award

Any bidder objecting to the recommendation of award, rejection of a bid, solicitation procedures of a bid, or any portion thereof (the Protester), must submit a written protest to the Purchasing Manager. This protest must be submitted prior to the Board of Supervisors meeting at which the recommendation is on the agenda for award or rejection. The protest must be filed with the Purchasing Manager within five business days from notification of the recommendation.

The written protest shall contain the following information:

1. The name, address and telephone number of the protester.
2. The signature of the protester or its representative.
3. Identification of the solicitation number.
4. A detailed statement of the legal and factual grounds

of the protest including copies of relevant documents;
and,

5. The form of relief requested.

The Purchasing Manager may dismiss a protest, upon written determination, before scheduling an appeal if:

1. The grounds for the protest are not valid according to County policy
2. The protest is untimely (not within five (5) business days from notification).
3. The possible remedies would unfairly prejudice other interested parties, impact the integrity of the procurement system, or have a serious detrimental affect on the good faith of the parties, cost to the County, the urgency of the procurement, and the impact of the relief upon the using department.

If the Purchasing Manager sustains the protest in whole or part and determines that a solicitation or proposed contract does not comply with the policy, the recommendation for award shall be stayed and an appropriate remedy shall be implemented.

In determining an appropriate remedy, the Purchasing Manager shall consider all the circumstances pertaining to the proposed procurement including but not limited to, the seriousness of the procurement deficiency, the degree of prejudice to other interested parties or to the integrity of the procurement system, the good faith of the parties, cost to the County, the urgency of the procurement, and the impact of the relief upon the using department.

An appropriate remedy may include one or more of the following:

1. Withdraw staff recommendation, and reissue the solicitation;
2. Withdraw staff recommendation, and issue a new solicitation;
3. Withdraw staff recommendation, and recommend award of contract consistent with the County Purchasing Policy; or
4. Such relief as is determined necessary to ensure compliance with this section.

If the determination of the Purchasing Manager is not satisfactory to the party submitting the protest, an appeal with a designated deputy /assistant county manager of the County Manager's Office may be requested. The same remedies are available as listed above.

The written determination of the County Manager's Office shall be final.

5.20 Change Orders

The County, without invalidating the contract, may order changes in the work within the general scope of the contract consisting of additions, deletions, or other revisions; the contract sum and the contract time being adjusted accordingly. All such changes in the work shall be authorized by change order, and shall be performed under the applicable conditions of the contract documents. The contractor shall bear any additional fees and costs incurred by the owner, architect, engineer, or consultant for fees as a result of a change order which adjusts the contract time and which is not because of any act or omission of the owner, architect, engineer or consultant.

The cost or credit to the Owner resulting from a change in the work shall be determined in one or more of the following ways:

1. By unit price stated in the contract documents.
2. By cost, as defined below, properly itemized and supported by sufficient substantiating data to permit evaluation, plus a fee of 10%. Such costs shall be itemized by crafts defined within the schedule of values and limited to the following items directly allocable to the change in work:
 - a. Cost of materials, including cost of delivery.
 - b. Cost of labor, including, but not limited to, social security, and unemployment insurance and fringe benefits required by agreement and worker's compensation insurance.
 - c. Rental value of equipment and machinery.
 - d. Sales tax, insurance and bond premiums.
 - e. Amounts for any additional supervision and field office personnel, which shall not exceed five (5%) percent of the total of the above paragraphs.

3. By mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation; provided that such lump sum shall not exceed that amount calculated under b) above.

A. Construction Projects

All change orders within amounts appropriated in the current fiscal year budget for the subject of the bid award will be authorized and executed in the following manner. The change order will be initialed by the project architect/engineer with their recommendation and forwarded for approval or rejection.

Authority to approve change orders is as follows:

\$5000 or less - Project Manager
\$5-10,000 - Department Director
greater than \$10,000 - County Manager

The above authority for Project Managers and Department Directors applies to the cumulative amount of change orders on a project. For example, if the totals of five \$3000 change orders are incurred, the Department Director must approve the second and third change order and the County Manager must approve the fourth change order, as the cumulative amount exceeds \$10,000, and all subsequent change orders within the approved contract. A change order tabulation sheet must be submitted showing all change orders incurred for a project along with each request for approval of a change order.

If **any** change order causes the total expenditures on a project to exceed the amount of the contract for that project approved by the Board of Supervisors, then the Board of Supervisors must approve that change order. The Board of Supervisors must approve any single change order exceeding \$30,000.

B. Equipment, Goods, and Services

All change orders within amounts appropriated in the current fiscal year budget for the subject of the bid award will be authorized and executed in the following manner. If the change order is for less than \$10,000 the Department Head will have authority for approval or rejection. If the change order is between \$10,000 and \$30,000, the County Manager's approval is needed. If the change order exceeds \$30,000 the Board of Supervisors will have the final authority to sign the change order. If any change order exceeds the current fiscal year

budget for the subject project, the Board of Supervisors must approve it.

The Board of Supervisors reserves the right to adjust these authorized approval amounts for each individual project.

SECTION SIX:

COMPETITIVE SEALED REQUEST FOR PROPOSALS(RFP's)

6.1 General Provisions

Competitive sealed proposals are only to be used when the use of competitive sealed bidding is either not practical or not advantageous to the County as determined by the Purchasing Office. This process is generally used for the procurement of professional and non-professional services.

6.2 Request For Proposals

Professional and/or other services with an estimated value of \$30,000 or more shall be procured through a formal request for proposals. The procedure for formal request for proposals is established for the purpose of providing an alternative method to sealed competitive bid for the purchase of professional and other services. The procedural guidelines outlined in sections 5.5 through 5.20 of competitive Sealed Bids, also apply to RFPs. As with formal bids, the user department initiates the process and assists the Purchasing Manager in creating a specification, called a "Scope of Services". When the RFP is ready, notice of the RFP is published in the newspaper for four consecutive days, and copies of the Notice of RFP are sent to the current contractor (if applicable) and all those who have registered with the County as potential providers for the required services.

Proposals will be opened publicly at the time and place stated in the Request for proposals. The Request for Proposals will include a statement of how the proposals will be evaluated, the relative importance of price and other factors, the general terms of the written contract, and that professional liability insurance may be required.

Questions from offerors regarding any clarifications of the RFP will be answered prior to the opening. If any question results in a change to the scope of work, an addendum will be made and distributed to all offerors who have requested a bid packet. Discussions with proposers may also be conducted after the opening. In conducting the discussions, no disclosure of other proposals shall be made. Prior to award, the County may issue a written request for best and final offers. The request shall state the date, time and place for the submission of the best and final offers. Best and final offers shall be requested

only once unless the Purchasing Manager makes a written determination that it is advantageous to the County to conduct further discussions or change the County requirements. The request shall inform offerors that, if they do not submit a notice of withdrawal or a best and final offer, their immediately previous offer will be construed as their best and final offer. All persons who submitted a proposal shall be given the opportunity to submit a best and final offer if one is requested

The proposals will be reviewed by the user department and the Purchasing Office, or evaluation committee. A recommendation will then be made to the Board of Supervisors based on an evaluation of all factors stated in the RFP.

Upon Board of Supervisors approval, award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the County, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The bid file shall contain the basis on which the award is made.

6.3 Selection and Contracting of Architectural-Engineering Professional Services

The services of architect and engineering related services may be acquired through a qualifications based selection process, direct selection or public competition.

6.3.1 Direct Selection

Contracting of Architects and Engineers (A/Es) by **direct selection** is accomplished by selecting the consultant based on knowledge of their qualifications and experience, agreeing on a negotiated scope of work and then fixing the compensation. If agreement on scope of work or compensation cannot be agreed upon, another consultant may be selected. Ranking of firms is not required under this selection process.

6.3.2 Public Competition

Public competition includes publishing an advertisement of the competition for not less than thirty days before the due

date, stating the type and location of the work with information as to the proposed cost, and the means of obtaining full information of the proposed competition.

6.3.3 Qualifications Based System

Selection may also be made according to a Qualifications Bases System (QBS). Dollar thresholds are defined in Section 1.3 B. Firms engaged in the lawful practice of the profession may submit an annual statement of qualifications (SOQ) and experience. A selection committee is formed to evaluate the current SOQs on file with the purchasing office. The committee should consist of at least three persons. The committee shall select, in order of preference and based on criteria established, a short list of at least three firms deemed to be the most qualified to provide the services required. The selection of the short list must be based on demonstrated competence and qualifications only. Fees, price man-hours or any other cost information may not be considered in the selection of the short list.

After a short list is selected, negotiations may commence for a contract with the highest rated firm for the required services. The negotiations shall include consideration of compensation and other contract terms and conditions the County determines to be fair and reasonable. In making this determination, the County shall take into account the estimated value, the scope, complexity and nature of the required services. If a satisfactory contract cannot be negotiated with the highest rated firm at a price or on other contract terms, negotiations shall be formally terminated. Negotiations would then be started with the next highest rated firm, in sequence, until an agreement is reached or a determination is made to reject all firms on the short list.

6.4 Selection and Contracting of Legal Services

The services of outside legal counsel when such services are recommended by the County Attorney, Superior Court or conflict counsel, when such services are recommended by the Public Defender, shall be acquired by the following process.

Persons engaged in providing legal services may submit statements of qualifications and expressions of interest in providing such services. The County may specify a uniform format that profiles qualifications and assures equal opportunity for potential offerors. Persons may amend these statements at any time by filing a new statement.

Whenever practicable, the County shall give adequate notice for the need for such services. The notice shall describe the services required, list the types of information and data required of each offeror and state the relative importance of particular qualifications.

The County may conduct discussions with any offeror who has submitted a proposal to determine such offeror's qualifications for further consideration. Discussions shall not disclose any information derived from proposals submitted by other offerors.

The provisions of this section are not applicable to contracts for professional witnesses if the purpose of such contracts is to provide for professional services or testimony relating to a criminal prosecution or an existing or probable judicial proceeding in which the county is or may become a party or to a contract for special investigative services for law enforcement purposes.

All resultant contracts to the offeror determined in writing to be the most qualified and after negotiation of compensation, determined to be fair and reasonable, shall be placed before the Board of Supervisors for award.

6.5 Other professional Services

All other professional service contracts shall be procured through the competitive sealed RFP process with pricing levels set as in section 1.3.

SECTION SEVEN:

SUSPENSION AND DEBARMENT OF CONTRACTORS

7.1 Purpose

The purpose of this section is to provide for the suspension and debarment of any person or firm from consideration for awards for Coconino County contracts. This action shall be based upon certain types of criminal convictions, civil judgments or contract violations, or for any other cause deemed to affect responsibility as a Coconino County contractor.

7.2 Causes for Debarment or Suspension

The causes for debarment or suspension include, but are not limited to, the following:

A. Conviction of any person or subsidiary or affiliate of any person for commission of a criminal offense arising out of obtaining or attempting to obtain a public or private contract or subcontract, or in performance of such contract or subcontract;

B. Conviction of any person or any subsidiary or affiliate of any person under any statute of the federal government, this state or any other state for embezzlement, theft, fraudulent schemes and artifices, fraudulent schemes and practices, bid rigging, perjury, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or business honesty which affects responsibility as a Coconino County contractor;

C. Conviction or a civil judgment finding a violation by any person or any subsidiary or affiliate of any person under state or federal antitrust statutes;

D. Violations of contract provisions of a character which are deemed to be so serious as to justify debarment action, including, but not limited to, the following:

1. Knowingly failing without good cause to perform in accordance with the specifications or within the time limits provided in;

2. Failure to perform or unsatisfactory performance with the terms of one or more contracts, except that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment.

A disclosure of responsibility form can be found in appendix A. This form will be sent with each bid packet and must be returned by the vendor with their proposal.

7.3 Written Determinations

A written determination to debar or suspend shall be issued and contain:

1. The reasons for the action taken;
2. The action taken and the effective date and length of time the action shall be in effect;
3. Inform any debarred or suspended party involved of their right to administrative appeal.

A copy of the decision shall be mailed or otherwise furnished to any debarred or suspended party.

A vendor may apply for re-instatement at any time after the period of debarment has expired.

7.4 Authority to Debar or Suspend

The Finance Director is delegated the authority to debar or suspend a party from participating in County procurement.

7.5 Period of Debarment

The period of time for debarment shall not exceed three years from the date of the determination.

If debarment is based solely upon debarment by another governmental agency, the period of debarment may run concurrently with the period established by the other debarring agency.

SECTION EIGHT:

LEASING

8.1 General Information

A lease/purchase financing agreement is a contract by which one party conveys property to another for a period of time in exchange for the payment of interest and a portion of principal on the purchase price of the property.

The use of lease/purchase financing will be limited to those situations in which it is in the County's best interest to secure third party financing. Purchases made with lease purchase financing are made using the same purchasing guidelines as other purchases.

8.2 Procedural Information

User departments must submit requests to use lease purchase financing to the Budget Director.

Upon approval, the Budget Director will forward the approval to the user department and the Purchasing Office. The user department will then submit a requisition to the Purchasing Office for procurement of the equipment.

8.3 Rental of Equipment

Equipment should only be rented to fill short-term equipment needs. This may include one-time, short-term needs or short term needs that may be re-occurring in which the rental of equipment is more cost effective than ownership of the equipment.

8.4 Leasing of Buildings

The Board of supervisors has delegated authority to the Property Manager to negotiate lease contracts up to \$30,000. Any lease that exceeds \$30,000 must be done through the RFP process. The Board of Supervisors must award all lease contracts.

SECTION NINE:

SOLE SOURCE PROCUREMENT

9.1 General Information

A sole source purchase is the purchase of a commodity available from only one supplier. A purchase of this type generally is of a special nature because of the type of goods materials, or services required by the user. The user department will be required to justify, in writing, the reasons for selecting a product or service that is available from a sole source only, including obtaining the necessary Board approval as indicated in section 1.2.

Sole source purchases are contrary to public purchasing procedures, and therefore the selection of products or services of a sole source nature must be limited as much as possible. The only justification for sole source purchases are: 1) the purchase of a sole source item is to the County's best economic interest; or, 2) the items are generally classified as "captive" source items and cannot be procured from other sources because of manufacturer marketing arrangements, patents, etc.

9.2 Sole Source Procurement

When an item or service is required which is thought to be available only from a single supplier, the following procedures shall be followed:

a) For purchases with an anticipated cost of \$30,000 or less a purchase requisition shall be transmitted to the Purchasing Office indicating that only one source is known to exist. Efforts should be made by the requesting department to locate any other possible sources, and the names of those contacted who were unable to supply the required items or services shall be noted in the comment section of the requisition. The Purchasing Office will review the requisition and attempt to identify any potential suppliers who are not listed on the requisition. If no other source is found a purchase order will be issued to the sole supplier who is known to be capable of filling the order.

b) Request for sole-source purchases with an anticipated cost of over \$30,000 shall be transmitted to the Purchasing Office in requisition form in the same manner as above, with the names of potential suppliers, except for proprietary purchases, who have been contacted by the requesting department listed on the requisition. The Purchasing Office will attempt to locate any other potential suppliers, and will publish notice of the

proposed purchase in the newspaper for four consecutive days, with a request that anyone who wishes to be considered as a potential supplier contact the Purchasing Office. If any supplier other than the one previously identified is found to exist, then the purchase must be done through the formal bid process. If no other suppliers are discovered, the Purchasing Office will notify the department who will then submit a request for approval of the purchase to the Board of Supervisors for consideration as an agenda item. If the Board approves the purchase, a purchase order will be issued.

SECTION TEN:

Emergency Purchases of Materials and Services

10.1 Purpose

The purpose of this section is to enable Coconino County to respond quickly in procuring materials and/or services when an emergency condition exists.

10.2 Definition

The Finance Director may authorize others to make emergency procurements if there exists a threat to public health, welfare or safety or if a situation exists which makes compliance with Sections 5.1 and 6.2 impracticable, unnecessary or contrary to public interest. Emergency procurements shall be made with as much competition as practicable under the circumstances.

Any item that is procured under this emergency clause using the reasoning that "a situation exists which makes compliance with Sections 5.1 and 6.2 impracticable, unnecessary or contrary to public interest", may be considered as a one time opportunity purchase and must:

- 1) Be capital equipment or capital equipment as part of a capital project.
- 2) Clearly demonstrate that the price is significantly below market price. Two other vendor quotes shall be required.
- 3) Receive County Manager approval prior to placing the order.
- 4) Receive post acquisition approval from the Board of Supervisors.

10.3 Procedures

There are separate procedures to be followed for emergencies occurring during (1) regular hours, and (2) at all other times.

(1) From Monday through Friday, 8:00 A.M. to 5:00 P.M., all emergency purchases are to be handled through the Purchasing Office. Emergency purchases will be left to the discretion of the Department head.

For purchases over \$30,000, the Finance Director will advise the County Manager of the emergency condition and request approval. The using department shall provide whatever information or assistance is deemed necessary. The operating department shall immediately transmit a purchase requisition with **EMERGENCY** indicated in the comment section and the reasons why the indicated acquisition is an emergency.

(2) In the event the emergency occurs after regular working hours and contact with the Finance Director cannot be made, a department head may act for the Finance Director as outlined herein:

(a) Emergency purchases of \$30,000 or less may be authorized by the responsible department head, and confirmed by transmitting a purchase requisition marked "EMERGENCY" to the Finance Director no later than noon of the next normal working day following the purchase date. The department head shall approve the purchase requisition and a brief but complete explanation shall be included in the requisition to support the emergency nature of the purchase.

(b) Approval of emergency purchases of over \$30,000 shall be limited to the County Manager or the Deputy County Manager. A department may proceed under procedures as outlined in 2a above, for purchases of over \$30,000 without the prior approval of the County Manager only in the most extreme emergency circumstances and only after all efforts to contact the County Manager or an authorized delegate have been exhausted. The County Manager must be notified as soon as possible of this type of emergency procurement and a report must be drafted and forwarded to the County Manager.

SECTION ELEVEN:

Receiving, Inspection and Acceptance Of Materials, Supplies, and Services

11.1 Purpose

To establish for all departments the procedures for receiving, inspection and accepting equipment, materials, supplies and services.

11.2 Procedures

A. Requisitioning Department

1. It is the responsibility of the requisitioning department to receive and thoroughly inspect all delivered equipment, materials and supplies.
2. The department should inspect the materials to ensure that they are the correct items, the correct quantities, are received in good condition, and are delivered to the correct location.
3. If a shipment is not acceptable, it is the responsibility of the user department to contact the vendor and/or the Purchasing Office for appropriate action.
4. When assured that the proper items in the proper quantities are received in the proper condition, the person should enter the quantities received in the financial management system (FMS). Any back ordered items should not be electronically received.
5. When the full quantity of merchandise has not been received, but due to various reasons the requesting department wishes to consider the order complete, as is, the department should contact the Purchasing Office so that they can cancel all back orders and consider the purchase order complete.

11.3 Purchase Order Delivery Follow Up

General Information

The purchase is complete only when satisfactory performance by the supplier has occurred. Conformance to contracts includes time and place, as well as quantity and quality. An interruption or delay in County activities or schedules due to the failure to keep a promised delivery date is as uneconomical and harmful as any other default, and in addition is unfair to the unsuccessful bidders.

The Purchasing Office and the user department do purchase order delivery follow-up. The Purchasing Office also assists the users when requested, and takes appropriate actions against suppliers when necessary. The assistance of the user departments is very important in this regard.

The prerequisite for purchase order delivery follow-up is prompt knowledge of: (a) the goods, work or services ordered, including performance requirements; and (b) the receipt or lack of receipt of the goods, work or services. For this purpose, pertinent information must be available promptly for persons responsible for delivery follow-up. Such information is identified in the Purchase Order Inquiry screen on the FMS which shows the vendor, purchase order number, goods or services ordered, and the delivery due date.

In the event the goods or services are not furnished by the required due date, the requesting department should contact the Purchasing Office to determine the reasons for delay and identify when the goods or services will be furnished.

In the event the supplier indicates that they do not intend to furnish the goods or services, or the reason for the delivery delay is not acceptable, the Purchasing Office will take the necessary steps to secure the goods or services, either from that supplier, or from another

11.4 Encumbrances and Year-End Cutoff

It is essential that County does not obligate itself for amounts in excess of those budgeted, for a particular purpose. In an accrual accounting system, all expenditures must be charged against the budget of the year in which the goods or services are received. To achieve these goals, the budgetary device of encumbering must be employed. An encumbrance does not result in the recognition of an expenditure. It simply obligates or "reserves" a portion of an unexpended budget for the purpose of paying a liability when the related goods are received or services rendered. In the encumbrance system used by the County, it will be necessary to encumber for all expenditures requiring a purchase order.

At fiscal year-end, all outstanding encumbrances will be analyzed as to status. All encumbrances for items, which have not been received before June 30, will be canceled, and, if desired and provided for in the new budget, re-encumbered in the new fiscal year.

Encumbrances for items that have been received, or services which have been performed, but not yet paid at fiscal year-end will be charged to the fiscal year in which the items were received, or the services were performed. In order to accomplish a timely year-end cutoff, purchase orders, other than emergencies, will not be issued after the second week of May of each fiscal year. Departments should plan their purchases, including those not requiring Purchase Orders, accordingly.

SECTION TWELVE:

Contract Administration

12.1 Principles

Contract administration primarily consists of actions, which must be taken by the Purchasing Office from the time a contract is awarded until the supplies, or services have been delivered and accepted, and payment has been made. Once the purchase has been made or the contract awarded, the contract administration function is the primary link between the supplier, the buyer, and the using department, to handle problems arising from the procurement action.

User departments are responsible for contract administration to assure that the supplier delivers the product or service to the County user in accordance with the terms and conditions of the contract issued by the Purchasing Office.

To insure consistent contractor compliance, the contract administration includes, but is not limited to the following tasks:

1. Holding pre-performance conferences to emphasize County requirements and contractor responsibilities under certain complex or critical contract programs.
2. Follow up with the contractor and user department on problems occurring during the period of performance. It is the responsibility of the user department to document and keep records of vendor performance on contracts. This information is crucial in determining contract extensions or terminations.
3. Upon notification from departments, supported by documentation, a letter of non-performance will be sent to a vendor who has unsatisfactorily performed on a County contract. This notice may state performance standards that must be satisfied by a time indicated, quantity of goods to be provided, or quality of service provided.
4. Follow-up on past due purchase orders and expedite delivery as necessary.
5. Take necessary actions to amend existing contracts through required approval channels.
6. Take necessary actions to terminate existing contracts, when required, through approved channels.

7. Resolve contract provision disputes within the authority limits granted by the Board of Supervisors, Arizona State Statutes, and internal procedures.

12.2 Contracts

A contract is a written agreement for the procurement or disposal of supplies, services, insurance, equipment or construction. To be effective, a contract must include offer and acceptance by competent parties and the furnishing of some good or service for an agreed monetary consideration.

All services provided to the County, by outside agencies, firms or individuals shall be on a contractual basis. If the estimated annual cost of services is over \$30,000, the services shall be bid publicly, and the contract awarded and signed by the Board of Supervisors. For services with an annual cost not to exceed \$30,000, a minimum of three written quotations shall be required, and a contract signed with the successful company. The County Manager shall sign contracts valued from \$10,000 to \$30,000 for cooperative purchasing agreement contracts. The Finance Director shall sign contracts with an annual cost of between \$3,000 and \$10,000. The Purchasing Manager may sign contracts from \$1,000 to \$3,000. Department Heads may sign contracts for under \$1,000.

Generally Coconino County utilizes only "fixed price" contracts, but might in a special instance, because of market conditions, utilize a contract with price increase provisions.

A fixed price contract is used when the extent and type of work necessary can be reasonably specified and the cost reasonably estimated. Any time there is a price increase under these contracts, there must be supporting documentation from the vendor showing an increased price for raw materials from their supplier. Escalator clauses relating to the Consumer Price Index may be included in the contract language.

"Requirements contracts" are fixed price agreements set up to provide for recurring purchases of indefinite quantities from the same supplier for a specified period of time.

A cost-plus-a-percentage-of-cost provides reimbursement to the supplier for their actual cost plus an agreed-upon percentage of the costs of the supplier's overhead and profit. The use of cost-plus-a-percentage-of-cost contract is prohibited.

12.3 Monitoring of Requirements Contracts

The Purchasing Office is responsible to ensure that the provisions of requirements contracts are strictly adhered to by the contractor, and monitoring by any County personnel authorized to place orders against the contract.

Since the user department utilizes the contracted services or products, they are in the best position to provide feedback information to the Purchasing Office regarding specific contractor performance. Any questions or problems the user has with a contract supplier must be brought to the attention of the Purchasing Manager for resolution.

A vendor evaluation form should be completed for every contract administered by the County. This form measures vendor/ product performance and may be used as a source of evaluation criteria on future contracts. Forms to be used to document vendor performance are included as exhibits in Appendix C.

12.4 Placing Orders Against Existing Requirements Contracts

Only those individuals who have been specifically authorized by the Finance Director can place orders against existing requirements contracts. Only those items specifically defined in the agreement can be purchased as a part of the agreements.

User departments who have not submitted their estimated quantity needs for requirements contracts may not place orders against the existing agreement without first receiving authorization from the Finance Director.

Each user department that has submitted its estimated needs and whose requirements have been included in the contract shall monitor its ordered material or service usage to insure that they do not exceed the estimated requirements. In the event that quantity limits will be exceeded, the user must first request in writing to the Finance Director that the specific requirements contract be amended to include any additional quantities.

12.5 Termination of a Contract

Terminating a contract is normally the last alternative after all other administrative means have been sought to resolve a problem between the County and a contractor. There are two

reasons for terminating or canceling a County contract: for convenience, and for cause (default).

1. Terminating for Convenience: There are two types of terminations for convenience used by the County: (a) for the mutual convenience of the contractor and the County; (b) for the unilateral convenience of the County.

a) Mutual Convenience: An example of this type is where both parties agree that the contractor is no longer able to provide the service or product to the County under an existing contract. The Finance Director is responsible for negotiating the final settlement formula regarding costs and date of termination, and to prepare the recommended termination in accordance with the terms of the existing contract, if applicable.

b) County Convenience: Depending upon the terms of the written contract, this type of termination may occur whenever the County determines that termination is in the best interests of the County or that funds are not available.

2. Terminating for Cause: This type of termination is employed when the contractor is in default or breach of contract. Depending upon the situation and the terms of the written contract, it is the County's standard practice that a cure notice be sent via certified mail by the Purchasing Office to the contractor. This notice shall set forth the details regarding the deficiencies, with the dates and background information supporting non-performance or substandard performance. The Finance Director establishes a firm cure deadline date. The period must be of a reasonable length of time to cure the deficiencies; normally the time period varies from ten to thirty days, depending upon the individual circumstances of each case. Assuming the contractor does not cure the deficiencies to the satisfaction of the County, the Finance Director will then send a show cause letter by certified mail to the contractor, wherein the contractor is requested to show cause why their contract should not be terminated. The Finance Director will then establish another deadline date for an answer to the show cause letter; usually five to ten days. Unless the contractor shows sufficient cause why the contract should not be terminated for cause, the Finance director will initiate the necessary steps to terminate the agreement and document the final action accordingly.

In all termination actions, the Finance Director must rely on the user department to provide the necessary documentation to justify contractual decisions that are made. The using department personnel are the "eyes and ears" of the County,

expressing satisfaction or dissatisfaction with contractor performance. The Finance Director either resolves the problem or recommends termination of the appropriate contract to the Board of Supervisors.

The usual procedure for terminating a contract is by no means the exclusive method. The action taken will always depend upon the written terms of the contract, and the actual, factual situation presented. The County reserves the right to employ all other available mechanisms and remedies to deal with a breach of contract.

12.6 Contract Periods

Contracts should be for periods of time that coincide with the County's fiscal year whenever practical. Contracts that span more than one fiscal year must include language noting that the continuation of the contract is subject to non-appropriation. Contracts may have renewal clauses, but should not exceed three to five years.

12.7 Advertisements for Formal Contracts

Invitations for bid will be prepared in a concise manner consistent with legal requirements, and describe the character of the proposed contract or agreement in sufficient detail to enable the bidders to know what the general scope will be, either in the advertisement itself, or by reference to detailed plans and specifications on file at the time of publication of the first announcement(ARS 11-254.01).

12.8 Arizona State Contracts

Coconino County first entered into a cooperative purchasing agreement in January, 1974, with the Purchasing Office of the State of Arizona, Department of Administration, Finance Division. This agreement permits Coconino County to purchase any supplies, commodities, equipment, services, and materials covered by existing State contracts from consenting contractors. The County recognizes substantial savings on every item bought through the State contracts.

Purchases from the Arizona State Contracts are not subject to the requirement for public bidding of any purchase with a value over \$30,000, as the State Purchasing Office has already publicly bid the commodities on the contracts. Purchases of supplies, equipment, and services shall be made from the State Contracts whenever it is in the best financial interest of the

County, and the best overall value. Cost comparisons are not required when a purchase is made from the State Contracts; however, random comparisons are encouraged.

12.9 Intergovernmental Agreement (IGA)

A cooperative purchasing IGA allows the County to make purchases using the results of bids and RFPs from other governmental agencies. When it is in the County=s best interest, using a bid or RFP from another agency with which Coconino County has an IGA may be used. This allows the County to purchase like goods and services without going through the bid process, which has already been done by the agreeing agency. The vendor must agree to sell the goods at the same price. The bid or RFP from the other agency must have been let within the last twelve(12) months.

Coconino County has a cooperative purchasing agreement with four other Flagstaff area government agencies; City of Flagstaff, Northern Arizona University, Flagstaff Unified School District, Coconino Community College and Apache County.

Coconino County is also a member of the Mohave Educational Services Cooperative. Purchases made through this cooperative have also been publicly bid and therefore are not subject to the bidding requirements.

SECTION THIRTEEN:
MATERIALS MANAGEMENT

13.1 General Provisions

The Finance Director shall develop and administer procedures governing:

1. The management of materials during their entire life cycle.
2. The acquisition and distribution of federal surplus materials.
3. The sale, lease, trade-in, or disposal of surplus, scrap and salvage materials as provided by statute A.R.S. 11-251.
4. The transfer or trade-in of excess materials, surplus materials and fixed assets.

13.2 Disposition

The Board of Supervisors acts in all matters pertaining to the disposition of surplus materials as provided by statute. The disposition of surplus materials shall be as follows:

1. Surplus materials shall be disposed of as provided by law. Only certified funds or cash shall be accepted for sales of surplus property.
2. Auctions shall be advertised in accordance with statutory provisions. When making sales by auction, the solicitation shall specify all terms and conditions of any sale.
3. Materials to be disposed of by trade-in to a vendor for credit on an acquisition shall be subject to the same approval levels set forth for contract approvals as in section 1.2. For credit amounts under \$1000, the Department Head may approve, from \$1000 to \$3000 the Purchasing Manager may approve and any credit amount exceeding \$30,000, the Board of Supervisors must approve.

Without public auction, by unanimous approval of the Board of Supervisors, property may be sold or leased or donated to any other duly constituted governmental entity including the State, cities, towns or other counties; or County property may be sold, leased or donated to any charitable, social or benevolent nonprofit organization in or operating in this State.

A County using agency may acquire Federal or State Surplus Property as may be usable and necessary for public purposes. These acquisitions can only be made by authorized department heads.

SECTION FOURTEEN:
PROCUREMENT ETHICS

14.1 Employee Ethics

It is the policy of the Purchasing Office to promote the County's reputation for courtesy, fairness, impartiality, integrity, service, progressivism, economy, and government by law. The responsibility for implementing this policy rests with each individual who participates in the procurement process, including the using department and suppliers, as well as purchasing personnel. The Purchasing Office adheres to the ethical standards modeled after the American Bar association (ABA) Model Procurement Code and set forth by the National Association of Purchasing Management and the National Institute of Governmental Purchasing.

Among the prescribed practices for County employees are the following:

No public employee having official responsibility for a procurement transaction shall represent the County in that transaction when the employee knows that:

- a. The employee is contemporaneously employed by a bidder, offeror or contractor involved in the procurement transaction;
- b. The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror or contractor such as officer, director, trustee or partner, has a personal and substantial participation in the transaction, or owns or controls more than five (5%) percent of the firm;
- c. The employee, the employee's partner or any member of the employee's immediate family has a pecuniary interest arising from the transaction;
- d. The employee, the employee's partner or any member of the employee's immediate family is negotiating, or has an arrangement concerning prospective employment with a bidder, offeror or contractor;
- e. No employee having official responsibility for a procurement transaction shall solicit, demand accept or agree to accept any payment, loan subscription, advance deposit of money, services, entertainment or anything of more than nominal value from any bidder, offeror, contractor or subcontractor.

Employees may attend functions that are not limited exclusively to Coconino County employees, i.e., an industry trade fair, or like function. Purchases made directly from any County employee must be reviewed by the Finance Director and a written conflict of interest statement must be submitted to the Clerk of the Board of Supervisors to be entered into the public record.

Any person involved in a transaction may request a written County Attorney's opinion about the applicability of these provisions.

14.2 Vendor Ethics

Coconino County requires vendors to also be held to certain ethical requirements as follows:

- a. No bidder, offeror, contractor or subcontractor shall confer upon any public employee having official responsibility for a procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised;
- b. All bidders, offerors, contractors or subcontractors shall submit with their bid a disclosure of interest form to inform any personal interest of any member of the Board of Supervisors, County Manager, County Attorney, Finance Director, Purchasing Manager, or the spouse of each official;
- c. Failure to make the required disclosure may result in disqualification, debarment, and suspension from bidding and recession of contracts;
- d. No contractor or subcontractor shall give, demand or receive from any supplier, subcontractor, or competitors any bribe, kickback, or anything of value in return for participation in a procurement transaction or agreeing not to compete in a transaction; and
- e. Architects or engineers employed by the county may not furnish building materials, supplies or equipment for any structure or project on which they are providing professional services. The County also does not accept bids or proposals from consultants or bidders who have solely and directly prepared specifications for a specific requirement, regardless of whether the consultant/bidder was paid for the specification.

14.3 Fraud

An act of fraud, is committed if an employee of the County negotiates a personal procurement by fraudulent use of a County

requisition number or purchase order number. Fraud also occurs if an employee claims a purchase is on behalf of Coconino County when in fact the purchase was made solely for personal use. A personal procurement from the State Contracts is also an offense subject to prosecution. Fraud is subject to prosecution and employee discipline.

14.4 Penalty

Willful violation of the County's Procurement Ethics Code may result in disciplinary action up to and including termination of employment.

14.5 County Attorney Opinion

County staff is encouraged to request assistance from the county attorney's Office whenever questions arise regarding the applicability of these provisions.

Glossary

Addendum – An addition or supplement to a document typically used for bids and RFPs.

Auction – A public sale of property to the highest offeror.

“Best interest of the County” – A term used in the absence of specific authority or instruction, to authorize an official to use discretion in taking action deemed to be most advantageous.

Bid – An offer submitted in response to a notice of call for bids; can become a contract upon acceptance by the County.

Bid Bond – A written agreement or check by which a third party guarantees that a bidder will accept a contract as bid, if it is awarded.

Bid Opening – The public opening of bids which are recorded and made available for public inspection.

Bidders List – A list of names and addresses of suppliers from whom bids, proposals and quotations might be expected.

Business - Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

Capital Outlay Buying - Machinery, equipment, and vehicles with a usual life exceeding one year and costing more than \$1000. Also included is land, buildings, and improvements other than buildings costing more than \$5000.

Change Order - A written modification to a contract which directs a contractor to make changes in the work within the general scope of the contract. The cost impact to the contract is also established.

Collusion – A secret agreement to commit a fraudulent, deceitful, unlawful, or wrongful act.

Competitive Sealed Bid (Bid) - A process used to award contracts for the procurement of supplies, materials and non-professional services over ten thousand dollars to the lowest responsive and responsible bidder. This is the most preferred method of procurement.

Competitive Sealed Request for Proposals (RFP) - A process used to award contracts for the procurement of professional services in amounts over ten thousand dollars. The process includes advertising notice of RFP, evaluating proposals received, negotiating proposals with acceptable or potentially acceptable offerors, and awarding the contract after consideration of evaluation factors in the RFP and price.

Conflict of Interest – The actual or potential conflict in which a person any gain from (or hold interest in) a company doing business with their employer.

Construction - The process of building, altering, repairing, improving, or demolishing any public structure or building, or other public improvement of any kind to any public real property. Construction does not include the routine operation, repair or maintenance of existing structures, buildings or real property.

Contract – An agreement between parties, usually written, with binding legal and moral force; usually exchanging goods or services for money or other consideration.

Contract Administration – The management of all actions, after the award of a contract, that must be taken to assure compliance with the contract, including timely delivery, acceptance, payment, and closing contract.

Contractor - Any person or business who agrees to furnish goods or services for a certain price; may be a prime or sub-contractor.

Cooperative Purchasing – The combining of requirements of two or more political entities in order to obtain the benefits of volume purchases and/or reduction in administrative expenses.

Debarment - An action taken by the County to prohibit a person or business from participating in County procurement due to previous illegal or irresponsible action.

Department - Any County office, division, or department.

Escalation Clause – A contract provision which permits the adjustment of contract prices by an amount or percent if certain specified contingencies occur, such as changes in the vendor's raw material costs.

Ethics – The study of human conduct which deals with right and wrong; the philosophy of dealing with moral conduct, duty and judgment; conforming to professional standards of conduct.

Fraud – A deliberate misrepresentation of the truth, or a fact, intended to make money, rights privilege or property away from another person(s).

Informal bid – a request for price quotations for goods or services that does not require a sealed bid, public opening or reading.

Lease Purchase – A rental contract in which payments are applied as installment payments for equity or ownership upon completion of the agreement.

Minor Informalities - A mistake excluding a judgmental error, that has no or negligible effect on price, quantity, quality, delivery, or other contractual terms. The waiver or correction must not prejudice other bidders or offerors.

Non-professional Services - Services not requiring special licensing or certification, such as , but not limited to, clerical services.

Offeror – A person or business who makes an offer.

Qualifications Based System (QBS) – The lawful process for selection of design professionals by public owners in Arizona. It is a negotiated procurement process for selection based on qualifications and competence in relation to the work performed. Price is not allowed to be used as an evaluation criterion in a QBS, but is negotiated after the highest rated firm is selected.

Performance Bond – A contract of guarantee, executed subsequent to award by a successful bidder to protect the buyer from loss due to the bidder's inability to complete the contract as agreed.

Procurement – The combined functions of purchasing, inventory control, traffic and transportation, receiving, receiving inspection, and salvage and disposal operations.

Professional Services - Services that exacts the use or application of special learning or skills. Examples of professional services include, but are not limited to, architects, engineers, medical services, legal services and consultants.

Protest – A complaint about governmental administrative action or decision brought by a bidder or vendor, with the intention of receiving a remedial result.

Purchasing – The act and function of responsibility for the acquisition of equipment, materials, supplies and services.

Purchasing Manual – A document, adopted by the Board of Supervisors, which stipulates rules for purchasing relations with suppliers, other departments and the public, and prescribes the policies to follow.

Purchase Requisition - An electronic document used by departments to request that a contract be entered into for a specific need, and any include, but not limited to, the description of the requested item, cost, quantity, vendor name, delivery schedule, shipping instructions, departmental account number.

Relative - Husband, wife, parent, brother, sister, child, stepchild, grandparent, grandchild of employee, or parent of employees spouse.

Responsible Bidder or Offeror – A bidder whose reputation, past performance, and business and financial capabilities are such that the bidder would be judged to be capable of satisfying the County’s need for a specific contract.

Responsive Bidder or Offeror - A person or business who submits a bid or proposal which conforms in all material respects to the invitation for bids or request for proposals.

Salvage – Property having some value in excess of its basic material content, but is in such condition that it has no reasonable prospect of use for any purpose as a unit, and its repair or rehabilitation for use is clearly impractical.

Scrap – Material damaged, defective or deteriorated to the extent that it has no value except for its basic material content.

Specification - Any description of the physical or functional requirements or characteristics of the nature of a material, service or construction item. Specification may include a description of any requirement for inspecting, testing, or preparing a material, service or construction item for delivery.

Subcontract – Any contract agreement, or purchase order with other than a prime contractor, calling for the performance of any work, or for the furnishing of any material, required for the performance of a prime contract.

Suspension - An action taken by the County, temporarily disqualifying a person from participating in County procurement.

Terms and Conditions – a phrase generally applied to the rules under which all bids must be submitted and the stipulations, included in most purchase contracts, often published by the purchasing office for the information of all potential bidders.

Term of Contract – Time period covered by a contract.

Terms of Contract – Stipulations made in a contract.

Value Analysis – An organized effort directed at analyzing the function of systems, products, specifications, standards, practices and procedures for the purpose of satisfying the requires function at the lowest total cost of effective ownership consistent with requirements for performance, reliability, quality and maintainability.

Unauthorized Order - Any order placed which does not conform to this policy manual.

APPENDIX A

DISCLOSURE OF RESPONSIBILITY STATEMENT

1. List any convictions of any person, subsidiary, or affiliate of the company, arising out of obtaining, or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.

2. List any convictions of any person, subsidiary, or affiliate of this company for offenses such as embezzlement, theft, fraudulent schemes, etc. or any other offenses indicating a lack of business integrity or business honesty which affects the responsibility of the contractor. (See procurement policy section 6.2 for types of offenses.)

3. List any convictions or civil judgments under state or federal antitrust statutes.

4. List any violations of contract provisions such as knowingly (without good cause) to perform, or unsatisfactory performance, in accordance with the specifications of a contract.

5. List any prior suspensions or debarments by any governmental agency.

6. List any contracts not completed on time.

7. List any penalties imposed for time delays and/or quality of materials and workmanship.

8. List any documented violations of federal or state labor laws, regulations, or standards, occupational safety and health rules.

I, _____, as _____
Name of individual Title & Authority
of _____, declare under oath that
Company Name

the above statements, including any supplemental responses
attached hereto, are true.

Signature

State of _____

County of _____

Subscribed and sworn to before me on this _____ day of _____
19__ by _____ representing him/herself to be
_____ of the company named herein.

Notary public

My Commission expires:

Residing at:

APPENDIX B

**AFFIDAVIT BY CONTRACTOR
CERTIFYING THAT THERE WAS NO
COLLUSION IN BIDDING FOR CONTRACT**

STATE OF ARIZONA)

) ss

COUNTY OF:)

)

(Name of Company, Representative)

being first duly sworn, deposes and says:

That she/he is _____ of

(Title)

(Name of Company)

and

That pursuant to Section 112 (C) of Title 23 USC, he/she certifies as follows:

That neither he/she nor anyone associated with the said

(Name of Company)

has, directly or indirectly entered into any agreement, participated in any collusion or otherwise taken any action in restraint of free competitive bidding for the bid for the:

By: _____

(Name of Individual/Representative)

Subscribed and sworn to before me this _____ day of _____, 19____

Title:

My Commission expires:

(Notary Public)

APPENDIX C

VENDOR EVALUATION FORM

Department Name _____

Vendor Name _____

Bid/RFP # _____

Contract Award Date _____

Type of Service Provided _____

Rate the Following Service Issues

| | | | | |
|---|---|---|---|---|
| Quality of Service | 4 | 3 | 2 | 1 |
| Delivery Time of Goods or Services | 4 | 3 | 2 | 1 |
| Quality of Product or Service | 4 | 3 | 2 | 1 |
| Responsiveness to Departmental Questions/Concerns | 4 | 3 | 2 | 1 |

1 - Poor 2 - Fair 3 - Good 4 - Excellent

APPENDIX C (cont.)

Documentation of Responsiveness

Date _____ Time Called _____ Phone # _____

Person Contacted _____

Description of Contracted Services (Detail exceptional or poor ratings)

Was the Problem Solved to the Department's Satisfaction
